

# Exhibit 38

**REPORT OF LOBBYIST EMPLOYER**

(Government Code Section 86116)

1/4

or

 **REPORT OF LOBBYING COALITION**

(2 Cal. Code of Regs. Section 18616.4)

**FORM 635**

1993

**IMPORTANT:** Lobbying Coalitions must attach a completed Form 635-C to this Report.REPORT COVERS PERIOD FROM 07/01/2004 THROUGH 09/30/2004

FOR OFFICIAL USE ONLY

CUMULATIVE PERIOD BEGINNING 01/01/2003

A

B

## TYPE OR PRINT IN INK

For information required to be provided to you pursuant to the Information Practices Act of 1977, see Information Manual on Lobbying Disclosure Provisions of the Political Reform Act.

NAME OF FILER:

MCI, Inc.

BUSINESS ADDRESS: (Number and Street)	(City)	(State)	(Zip Code)	TELEPHONE NUMBER:
	San Francisco	CA	94105	

**PART I - LEGISLATIVE OR STATE AGENCY ADMINISTRATIVE ACTIONS ACTIVELY LOBBIED DURING THE PERIOD**

(See instructions on reverse.)

Legislature regarding AB 1827,1874,2768 and SB 1436,1822,1506; Governor's office regarding overall business development issue

 If more space is needed, check box and attach continuation sheets.**SUMMARY OF PAYMENTS THIS PERIOD**

A. Total Payments to In-House Employee Lobbyists (Part III, Section A, Column 1) .....	\$	0.00
B. Total Payments to Lobbying Firms (Part III, Section B, Column 4) .....	\$	26476.56
C. Total Activity Expenses (Part III, Section C) .....	\$	100.47
D. Total Other Payments to Influence (Part III, Section D) .....	\$	35032.29

GRAND TOTAL (A + B + C + D above) .....	\$	61609.32
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E. Total Payments in Connection with PUC Activities (Part III, Section E) .....	\$	1925.00
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F. Campaign Contributions:  Part IV completed and attached  No campaign contributions made this period**VERIFICATION**

I have used all reasonable diligence in preparing this Report. I have reviewed the Report and to the best of my knowledge the information contained herein and in the attached schedules is true and complete.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on (Date) 10/28/2004	At (City and State) San Francisco, CA	By (Signature of Employer or Responsible Officer) William Harrelson
Name of Employer or Responsible Officer (Type or Print) William Harrelson	Title Senior Counsel	

PERIOD COVERED: 07/01/2004 09/30/2004NAME OF FILER: MCI, Inc.**PART II - PARTNERS, OWNERS, AND EMPLOYEES WHOSE "LOBBYIST REPORTS" (FORM 615) ARE ATTACHED TO THIS REPORT** (See instructions on reverse.)

Name and Title	Name and Title

 If more space is needed, check box and attach continuation sheets.**PART III - PAYMENTS MADE IN CONNECTION WITH LOBBYING ACTIVITIES****A. PAYMENTS TO IN-HOUSE EMPLOYEE LOBBYISTS**

(See instructions on reverse. Also enter the Amount This Period (Column 1) on Line A of the Summary of Payments section on page 1.)

(1)  
Amount This  
Period(2)  
Cumulative Total  
To Date

\$ 0.00 \$ 0.00

**B. PAYMENTS TO LOBBYING FIRMS** (Including Individual Contract Lobbyists)

Name and Address of Lobbying Firm/Independent Contractor	(1) Fees & Retainers	(2) Reimbursements of Expenses	(3) Advances or Other Payments (attach explanation)	(4) Total This Period	(5) Cumulative Total to Date
Lucas Advocates <u>Sacramento, CA 95814</u>	18000.00	476.56	0.00 none	18476.56	114457.58
Spencer - Roberts & Associates Inc. <u>Washington, DC 20037</u>	8000.00	0.00	0.00 none	8000.00	36000.00

**TOTAL THIS PERIOD** (Column 4)Also enter the total of Column 4 on Line B of the  
Summary of Payments section on page 1. If more space is needed, check box and attach  
continuation sheets

\$ 26476.56

PERIOD COVERED: 07/01/2004 09/30/2004

NAME OF FILER: MCI, Inc.

**C. ACTIVITY EXPENSES** (See instructions on reverse.)

Date	Name and Address of Payee	Name and Official Position of Reportable Persons and Amount Benefiting Each	Description of Consideration	Total Amount of Activity
09/02/2004	The Clubhouse  Costa Mesa CA 92626	Joe Dunn  State Senator	\$ 15.76 Lunch	\$ 63.02
	The Clubhouse  Costa Mesa CA 92626	Norma Campos Cobb  District Director	15.76 Lunch	
09/30/2004	Max's Opera Cafe  San Francisco CA 94102	Steve Larson  Exec. Dir. Public Utilities Co - mmission	18.73 Lunch	37.45
<input type="checkbox"/> If more space is needed, check box and attach continuation sheets.	TOTAL SECTION C (Activity Expenses) Also enter the total of Section C on Line C of the Summary of Payments section on page 1.			\$ 100.47

**D. OTHER PAYMENTS TO INFLUENCE LEGISLATIVE OR ADMINISTRATIVE ACTION** NOTE: State and local government agencies do not complete this section. Check box and complete Attachment Form 640 instead.

1. PAYMENTS TO LOBBYING COALITIONS (NOTE: You must attach a completed Form 630 to this Report.)

\$ 0.00

\$ 35032.29

2. OTHER PAYMENTS

TOTAL SECTION D (1 + 2) Also enter the total of Section D on Line D of the Summary of Payments section on page 1.

\$ 35032.29

**E. PAYMENTS IN CONNECTION WITH ADMINISTRATIVE TESTIMONY IN RATEMAKING PROCEEDINGS BEFORE THE CALIFORNIA PUBLIC UTILITIES COMMISSION** Also, enter the total of Section E on Line E of the Summary of Payments section on page 1. (See instructions on reverse.)

\$ 1925.00

PERIOD COVERED: 07/01/2004 09/30/2004NAME OF FILER: MCI,Inc.

**PART IV -- CAMPAIGN CONTRIBUTIONS MADE** (Monetary and non-monetary campaign contributions of \$100 or more made to or on behalf of state candidates, elected state officers and any of their controlled committees, or committees supporting such candidates or officers must be reported in A or B below.)

- A. If the contributions made by you during the period covered by this report, or by a committee you sponsor, are contained in a campaign disclosure statement which is on file with the Secretary of State, report the name of the committee and its identification number, if any, below.

Name of Major Donor or Recipient Committee Which  
Has Filed A Campaign Disclosure Statement:

Identification Number if  
Recipient Committee: 1240160

Worldcom,Inc. Form 461; MCI Employees California PAC

- B. Contributions of \$100 or more which have not been reported on a campaign disclosure statement, including contributions made by an organization's sponsored committee, must be itemized below.

Date	Name of Recipient	I.D. Number if Committee	Amount
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$

If more space is needed, check box and attach continuation sheets.

NOTE: Disclosure in this report does not relieve a filer of any obligation to file the campaign disclosure statements required by Gov. Code Section 84200, et seq.